

BUDGET FY2021

(1 JUL 2020 – 30 JUN 2021)

(For Board Approval)

Background

Draft budget for FY2020 completed and approved in Sep 2019. Forecast for FY2020 completed in Jan 2020 and presented below for comparison with Budget FY2020 and Budget 2021. Assumptions and notes described on following page. Any further financial analysis required for the Board to approve changes in FY2021 will need to be completed and presented to the Board at the 2 April 2020 Board meeting for final approval of FY21 Budget. Organisational KPIs and CEO KPIs to be finalised at 2 April 2020 Board Meeting.

Recommendation

The Board approve the FY2021 Budget.

Account	BUDGET FY21	BUDGET FY20	JAN20 FORECAST
Income			
Annual Return Fees - International (41018)	\$112,982	\$75,640	\$88,776
Annual Return Fees -Domestic (41001)	\$724,657	\$579,591	\$583,127
Application Fees- Domestic (41002)	\$175,330	\$233,875	\$172,830
Application Fees - International (41019)	\$36,153	\$174,475	\$35,100
Associate Membership Fees (41007)	\$17,306	\$62,385	\$16,232
Audit Services (ASQA/BOS) (41003)	\$70,402	\$36,659	\$62,336
Conf Registration Income (41008)	\$124,482	\$155,603	\$163,383
Conf Sponsorship Income (41009)	\$152,183	\$152,077	\$190,202
Donations, Fundraising, Corporate Partnerships (41012)	\$0	\$0	\$0
Government Grants (48900)	\$48,581	\$45,918	\$48,581
Merchant Fee Reimbursed (48700)	\$111	\$24	\$186
NEAS Assist Consulting (41006)	\$45,292	\$69,534	\$44,164
Total Income	\$1,507,480	\$1,585,781	\$1,404,916
Gross Profit	\$1,507,480	\$1,585,781	\$1,404,916
Other Income			
Centrelink Parental Leave (87000)	\$0	\$0	\$0
Fair value adjustment of FVTPL assets (41016)	\$0	\$0	\$0
Interest Income (41010)	\$1,390	\$1,547	\$1,383
Investment Income (41015)	\$25,650	\$42,549	\$38,792
Other Income (48800)	\$1,550	\$951	\$1,550
Total Other Income	\$29,316	\$45,047	\$41,725
Total Expenses	\$1,535,273	\$1,616,758	\$1,438,069
Net Profit	\$1,523	\$14,070	\$8,572

Please see FY2021 Budget for supplementary Excel spreadsheet.

For further information of Historical Data for FY15-FY19, please see supplementary Excel spreadsheet Profit and Loss – Historical Data FY15-19.

Income Notes

- General methodology: FY2021 budget based on Jul – Dec 2019 actuals and Jan – Jun 2020 JAN20 Forecast (new FY20 forecast determined at 1 Jan 2020)
- Annual return fees international based on current sales pipeline for Jan – Jun 2020, with 3% increase in fees on JAN20 Forecast. This will be contingent on meeting sales targets for FY20, and with a maximum 3% attrition and 3% fee increase the following year.
- Annual return fees domestic based on current sales pipeline for Jan – Jun 2020, with a 3% increase in fees from FY20. This will also be contingent on meeting sales targets for FY20, and with a maximum 3% attrition the following year.
- Note: Fee increases currently only include a 3% fee increase from 1 July 2020. Additional levies such as travel levy for international members and volume levy for all members has not been budgeted as yet.
- **IMPORTANT: Current confidence level on achievement of Mar – Jun 2020 sales budget targets is 50%. Actual results for sales targets in Mar – June 2020 will impact BUDGETFY21.**
- Calculation for revenue uses following averages for each product:
 - Average international application fee FY20 per centre = \$3607.
 - Average domestic application fee FY20 per centre = \$4850
 - Average international annual fee FY20 per centre = \$3007
 - Average domestic annual fee FY20 per centre = \$3825
- Some Application Fees for International postponed to following year based on strategic hold discussed at last Board meeting.
- 5% increase in Associate Membership (member numbers)
- Government grant (Austrade Export Marketing and Development Grant) of \$48,581 included in budget, although this is not under contract. NEAS has been successful in this application for the past continuous five years and is in the process of applying for another five year “Approved EMDG Organisation”.
- Conference fees and sponsorship reduced by 25% due to first time in Melbourne.
- Audit services and NEAS Assist consulting 5% increase with inclusion of agent verification fees.
- Investment income reduced to 2.85% of \$900K.

Expense Notes

- Accounting fees include external accountant fees. Bookkeeper fees are included in internal contractor fees.
- No campaigns. Sales and marketing managed inhouse.
- Domestic and international costs (accommodation, airfares, food/general expenses have been separated.
- Two strategic costs have been separately itemised (Canberra parliamentary roundtable and research). All other strategic items have been included in appropriate line item.
- CRM update not included but will be added after initial scoping (estimated cost over three years estimated at \$35K).
- CamTESOL support to be discontinued and replaced by ICEF partnering to promote agent endorsement.
- \$916K in Total Human Resources (74% of Total Operating Income). 2% increase on salaries budgeted for FY2021.
- 3% increase on all other items unless otherwise indicated in Supplementary Excel FY2021.